Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 BUCHAR 00483 260752Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 TRSE-00 /021 W
----------260756Z 047868 /20
R 260646Z JAN 77
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 1266

UNCLAS BUCHAREST 0483

E.O. 11652: N/A
TAGS: BTIO, RO
SUBJ: TAX CONVENTION INFORMATION

TO: COLLINS RADIO INTERNATIONAL INC
DALLAS TEXAS
TEL 214 690-5367
TELEX 25463
ATTN MR. SHANNON MURCHISON

1. CONCERNING THE QUESTIONS YOU RAISED IN DECEMBER ON ROMANIAN INSISTENCE IN INCLUDING STATEMENT IN CONTRACTS ON TAXING SERVICES AT SAME RATE AS ROYALTIES ARE TAXED, THE U.S. TREASURY DEPT PROVIDED US WITH FOLLOWING INFORMATION WHICH WE ARE PASSING ON TO YOU.

2. U.S. COMPANIES SHOULD BE INSTRUCTED TO CONSULT THEIR TAX ADVISORS TO SEE WHETHER THE ROMANIAN TAXATION IS IN ACCORDANCE WITH THE CONVENTION. IF NOT, THEY SHOULD SUBMIT THEIR CASES TO COMPETENT AUTHORITY OF U.S. IN ACCORDANCE WITH TERMS OF ART 23 OF CONVENTION. UNDER ART 2 (1)(F)(II), COMPETENT AUTHORITY OF U.S. IS IRS.

3. IN REFERENCE TO WHETHER DESIGN AND ENGINEERING SERVICES INCIDENTAL TO BUT SEPARATE FROM LICENSE IS INDUSTRIAL ROYALTY UNDER ART 12 OF CONVENTION, DETERMINATION DEPENDS ON SPECIFIC NATURE OF SERVICES. GENERALLY, U.S.
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TAX LAW DOES DISTINGUISH BETWEEN PAYMENTS FOR THE USE RIGHT TO USE INDUSTRIAL KNOW-HOW, WHICH ARE CONSIDERED ROYALTIES, AND PAYMENTS FOR THE PROVISION OF TECHNICAL SERVICES AND ASSISTANCE, WHICH ARE NOT CONSIDERED ROYALTIES. HOWEVER, SPECIFIC FACTS AND CIRCUMSTANCES SHOULD BE SUBMITTED BY U.S. COMPANIES TO THEIR TAX ADVISORS (OR TO THE IRS) FOR DETERMINATION OF WHETHER THE PAYMENTS FOR THE SERVICES

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CONSTITUTE INDUSTRIAL ROYALTIES UNDER THE CONVENTION.
REGARDS, EMIL CASTRO, COMMERCIAL ATTACHE.
AMERICAN EMBASSY
BUCHAREST, ROMANIA
BARNES

NOTE BY OCT: NOT PASSED ABOVE ADDRESSE .

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NNN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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Review Action: RELEASED, APPROVED
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Review Release Date: n/a
Review Release Event: n/a
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SAS ID: 3500579
Secure: OPEN
Status: NATIVE
Subject: TAX CONVENTION INFORMATION TO: COLLINS RADIO INTERNATIONAL INC DALLAS TEXAS
TAGS: BTIO, RO
To: STATE
Type: TE
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